

# EXHIBIT A

## MEMORANDUM

TO: Honorable City Council

FROM: St. Martins Cooperative Board of Directors

RE: Request for an Audience: Water and Sewerage Department

DATE: March 21, 2008

For more than a year, St. Martins Cooperative ("Cooperative") has been unsuccessful in resolving a dispute with the City of Detroit Water and Sewerage Department ("Department") to recover overpayments made to the Department.

In an attempt to expedite resolution of this dispute, the Cooperative respectfully requests an audience before the Honorable City Council to ask it to monitor the Department so that the Cooperative can:

- 1) recover overpayments; and
- 2) be assigned a project manager from the Department who can provide assurances that overpayments have been fairly and accurately computed and that the same will be done for future bills in accordance with the City's Charter.

### FACTS

As admitted by the City of Detroit, as reflected in the attached letter, the Water Department has been overcharging St. Martins Cooperative for services because of its assumption that St. Martins was on 25 acres of land, when in fact it only sits on approximately 6 acres of land.

In the attached letter, the City admitted the mistake but stated that it would only refund six years' worth of overpayments. The Cooperative has reason to believe that the City sends consumers bills for delinquent bills dating beyond six years so it seeks a refund for the *entire* duration of time that the Department has been overcharging the Cooperative.

Although one meeting with the law department has been held since this issue arose in January of 2007, the issue has not been resolved. The Cooperative has not paid its water bills because the Department has not explained how it is being billed.

Specifically, the City continues to bill it by deducting from the "surplus" what the City claims the Cooperative currently owes. However, although the Cooperative has asked the City to explain how it arrived at the surplus or how it is currently billing the Cooperative, the City has not complied.

## ISSUES

### I. Problem:

Water Department has been over-billing the Cooperative and will not fully refund money that has been paid.

The Board of Directors is here in its fiduciary capacity to seek assistance because it has been trying to resolve the problem so that it can pay St. Martins' water bills. It is responsible for managing funds for its shareholders and must recover funds unjustly expended or held (by the City's Department), as here.

For the Department to hold its money, having admitted that it erroneously charged it, and be unwilling to explain how it made the error or is currently billing the Cooperative, is similar to taking the Cooperative's property without due process of law.

Throughout the process, the Cooperative has had to expend additional money to hire counsel and experts to resolve a function that should be totally completed by the Department.

II. Status of the Problem:

Water Department has not agreed to fully compensate the Cooperative or to address short and long-term questions:

- A. Specifically, the Department has not clarified whether it has corrected the billing error, despite the Cooperative's request last May to get a Project Manager assigned to review whether mistake(s) have been corrected.
- B. Until the former issue is addressed, the Cooperative cannot resolve or settle pending issues: stated simply, how can it accept the Department's offer if it is not sure if it is being billed correctly or how can it pay future bills if it is not sure if the Department's bills are *now* being billed correctly?

III. Next Steps:

City law department has a meeting scheduled. However, time is of the essence in resolving this long-standing problem and the Cooperative seeks Council's assistance in monitoring and helping to expedite the resolution of this problem.

Time is of the essence because the budget for the Cooperative needs to be prepared. The water bill has historically caused assessments for Cooperative members to be artificially high (since the Department inaccurately computed the same).

On behalf of the Cooperative's shareholders, 95 families within the City of Detroit, Board members need assurances that the Department's bill(s) are accurate and that the Cooperative will be fully and fairly compensated for overpayments.